

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE BETHLEHEM AUTHORITY**

APRIL 14, 2016

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, April 14, 2016 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 3:30 PM by Mr. John Tallarico, Chairman. Also in attendance were:

- Mr. Vaughn Gower, Secretary
- Mr. Dennis Domchek, Treasurer
- Mr. Jack Abel, Member
- Mr. James Broughal, Esq., Solicitor
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant
- Mr. Daniel Meixell, Special Police Officer

APPROVAL OF MINUTES

V. Gower moved and J. Abel seconded to approve the minutes from the March 10, 2016 regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Nate Jastremski, Bethlehem Press
- Ms. Linda Christman, from Save Carbon County, an anti-pipeline group
- Mr. Ron Madison, Engineer, Maser Consulting
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources

COURTESY OF THE FLOOR

Ms. Christman commented that PennEast is proposing to increase the horsepower at the Kidder compressor station from 33,000 HP to 47,000 HP, which could mean PennEast is enlarging the pipe diameter from 36" to 48". She hopes that the Authority's negotiations with PennEast limit the diameter to 36" through an easement, since she believes a larger size pipe will be more vulnerable to explosion. She believes the Authority has a lot of leverage as the biggest landowner of the pipeline's route and as a public water supply representing over 100,000 residents. She has heard that FERC will not contemplate a project that endangers a public water supply.

CHAIRMAN

PennEast Pipeline. J. Tallarico reported that the Authority received an updated schedule from PennEast. The final environmental impact statement will be issued in December, 2016 and the final decision from FERC is expected in early 2017. PennEast feels very confident about the project. Their new website, **PennEastPipeline.com**, contains a fact sheet and new comments to help landowners and communities better understand the project.

If a larger diameter pipe is proposed, geo-technical issues, rock separation, and the appraisal need to be re-evaluated because they are currently based on a diameter of 36". During discussions several months ago, rumors of the diameter increasing to 42" were discounted by PennEast, but implications of a larger compressor could change things and this should be discussed again. R. Madison said there are a lot of calculations and factors, and not necessarily pipe size, which would cause PennEast to increase the compressor's horsepower. It is not necessary for the Authority to authorize Maser to investigate "what-ifs." However, pipeline diameter and compressor change will be raised at the next meeting with PennEast. PennEast still has not adequately addressed all of the Authority's specific points of concern in the June, 2015 letter.

Ms. Christman clarified she misspoke about the 48" diameter pipe. Her group is concerned about the increased compression capacity and they assumed it meant larger pipe.

Property Appraisal. S. Repasch reported he met with McKeown Reality a few weeks ago. When the property appraisals are finalized, they will be shared with the Board before the Authority meets with PennEast. The appraisals should be regarded as the minimum amount to expect. They are confidential and not for public discussion while an agreement with PennEast is yet to be negotiated.

D. Meixell said the restoration work done at the core drilling sites has been completed better than satisfactory.

PennEast Access Agreement Addendum. S. Repasch presented the PennEast Access Agreement Addendum for ratification. The addendum was approved by the Board via email on March 30 and allows PennEast to access the south portal site of the water transmission tunnel.

V. Gower moved and D. Domchek seconded to ratify the email approval of the PennEast Access Agreement Addendum. Motion passed unanimously.

EXECUTIVE DIRECTOR

Forest/Watershed Management. S. Repasch reported the deadline to submit bids for the gypsy moth spraying project recommended by the Authority Forester is April 15. He would like authorization to award the project to the lowest responsible bidder and enter into a contract with terms and conditions acceptable to the Solicitor and with the understanding the cost is less than or equal to the budgeted amount of \$35,000.

D. Domchek moved and V. Gower seconded to authorize the Executive Director to enter into a contract for the gypsy moth spraying project discussed. Motion passed unanimously.

Annual FSC Report. S. Repasch reported the annual FSC reports have recently been completed by the Authority Forester, who was commended by The Nature Conservancy for preparing exceptional reports that are superior to other organizations it partners with under the FSC umbrella.

Prescribed Burns. S. Repasch reported that the prescribed burns in Long Pond were conducted to bring certain wildlife back to the scrub oak area of the watershed. This led to a snowshoe hare study on Authority property, conducted by a Penn State grad student under contract with the PA Game Commission (PGC). The study, conducted in two specific areas in the state, is now complete. The PGC will be invited to make a presentation to the Board in the next few months.

2014 Audit Opinion. S. Repasch reported that the City's 2014 audit, delayed due to issues with another City authority, was accepted on March 9. The Authority's activities are included with the City's and also audited separately. The audit opinion and back up documents from Maher Duessel, CPA's were provided to the Board and reviewed by the Authority Controller. An email from the Controller indicated the audit opinion was an unqualified opinion, meaning the auditor has no reservations concerning the financial statements of the Authority. This is known as a clean opinion and he recommended the Board accept the audit opinion. He also commended the staff for the excellent financial management of the Authority. The Authority's 2014 financial statements will be submitted to the reporting authorities and also provided to the Board, along with a copy of the City's financial statements.

D. Domchek moved and V. Gower seconded to accept the 2014 audit opinion as presented and discussed. Motion passed unanimously.

2015 Audit Services Proposal. S. Repasch presented an engagement letter from Maher Duessel, CPA's to conduct the 2015 audit at a cost not to exceed \$3,419. The auditors will be commencing their work at the City on April 18.

V. Gower moved and J. Abel seconded to approve Maher-Duessel CPA's to conduct the 2015 audit. Motion passed unanimously.

Investment Opportunities. S. Repasch presented the Saxon Securities investment in the Debt Service Reserve Fund in the amount of \$1 million for ratification. The investment was approved by the Board via email on March 28. The investment portfolio includes FDIC-backed CD's that are yielding an average .61% net of fees.

V. Gower moved and D. Domchek seconded to ratify the email approval of the \$1 million investment from the Debt Service Reserve Fund with Saxon Securities as presented. Motion passed unanimously.

Consulting Engineer Annual Report. S Repasch reported the Consulting Engineer's 2015 Annual Report has been completed and circulated to the Board. This report is a requirement of the Trust Indenture.

D. Domchek questioned the unaccounted for water loss, which is now 21%. E. Boscola responded that much of that loss is due to aging meters and metering inaccuracies (City has begun replacing meters at its largest industrial customers). Yearly reports are provided to the PUC and DEP that detail the reasons for the unaccounted for water. 20% of unaccounted for water in older systems like the City's is not atypical in the industry Also,

\$4.3 million is in the capital improvement budget for 2016, but perhaps only half of that amount will be spent this year. The rules for public bidding, design and contracting tend to cause project delays.

J. Abel moved and V. Gower seconded to accept the Consulting Engineer's 2015 Annual Report. Motion passed unanimously.

Wind Energy Project Webinar. Mr. Craig Poff joined the meeting via telephone to apprise the Board on the status of the wind energy project and answer any questions.

Project Time Table:

- April 10, 2016: Filed for special exception application in Penn Forest Township. This is the first step in permitting the project. The use exception will be a challenge but they are confident all will go well.
- April 25, 2016: Planning Commission meeting. Through this process, the Commission may or may not make recommendations to the Zoning Board.
- April 27, 2016: Community information meeting will be held by Mr. Poff at Penn Forest Township Fire Hall to reach out to residents who receive public notice of the zoning meeting and allow them the opportunity ask questions about the project.
- May 12, 2016: Zoning Hearing Board meeting. Mr. Poff and other experts will provide testimony and evidence to demonstrate compliance with the objectives and standards in the zoning ordinance. It is hoped this can be accomplished in one meeting. When the hearing is final, the Zoning Board has 90 days to consider its decision, followed by a 30-day appeal period for any challengers. Zoning is anticipated to be complete by 3Q16.
- Late May, 2016: Installation of 100-meter met tower at a cleared and prepared site (this is in addition to 4 met towers and 1 LIDAR unit already collecting wind data).
- Other current environmental and permitting studies to support the zoning hearing. Efforts include sound modelling and photographs from certain vantage points that will simulate the view of selected wind turbines.
- Spring 2016: Breeding bird surveys and raptor studies, which are the first steps in the PA voluntary siting guideline process with the PA Game and Fish and Boat Commissions.
- Summer 2016: Migration and bat studies. All met towers have acoustic monitoring devices to inform of any locations that may require use of bat nest netting.
- Avian and bat studies through end of 2016.
- Wetlands and FAA studies/permitting 3Q16 through 1Q17.
- Final engineering through 2017.
- If Iberdrola has power purchaser, project construction by early 2018; commercial operation by end of 2018.